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CURRENT INTELLIGENCE WEEKLY SUMMARY



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T H E W E E K I N B R I E F

PART I

OF IMMEDIATE INTEREST

THE CHANGES IN THE SOVIET LEADERSHIP Page 1

Khrushchev appears to be firmly in control of Soviet affairs, following the most sweeping top-level political purge since the 1930's. The membership of the new party presidium includes no leaders of sufficient stature to oppose Khrushchev's views except possibly Marshal Zhukov. Khrushchev seems committed to the decisions of the 20th party congress, and the policies which were set forth at that congress will probably be vigorously implemented. The de-Stalinization effort and the industrial reorganization in the USSR will be pushed, as will the agricultural program. The USSR's policy toward the satellites will be designed to give them the appearance of independent states within the bloc. Communist China has applauded the changes, expressing confidence that they "will help unite and consolidate" the Soviet party. The major lines of Soviet foreign policy will be directed toward selling the idea of peaceful coexistence, and Khrushchev may follow a more flexible foreign policy as a result of the removal of the conservative Molotov faction. The disarmament negotiations in London may well become a testing ground for any new Soviet approaches to foreign policy problems.

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PART II

NOTES AND COMMENTS

SATELLITE REACTION TO THE SOVIET PURGE Page 1

All of the East European satellite regimes have hailed the Soviet move as a great victory for Communism in the Soviet Union and in the world at large, but their reaction in other respects has not been uniform. Two parties--the Rumanian and the Polish--apparently had been prepared for the impending changes and have reacted with some self-assurance. The Rumanians had been carrying out personnel shifts of their own, coincident with the developments in Moscow. The Poles may have

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received advance information and guidance from Mikoyan; they had begun to step up their campaign against domestic Stalinists even before the Soviet announcement. The reaction of the other satellites has been characterized by caution and uncertainty. [REDACTED]

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SOVIET-YUGOSLAV RELATIONS Page 4

The political purge in Moscow has injected new life into the effort initiated last spring by Yugoslavia and the USSR to remove the tensions between them. The departure of President Tito's top aides, Vice Presidents Kardelj and Rankovic, for the USSR on 8 July suggests that the Yugoslavs are optimistic about the prospects for coexistence. A number of fundamental differences remain, however, which cannot be easily removed. [REDACTED]

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REACTION IN THE NON-COMMUNIST WORLD TO THE SOVIET SHAKE-UP Page 5

Official opinion in Europe generally holds that the Soviet shake-up will lead to few if any changes in Moscow's policies. Both London and Paris have indicated some concern over the apparent elimination of collective leadership, which they believe blocked at least some reckless maneuvering by Moscow. Some European commentators, however, have dwelt on the possibility of a period of better understanding between East and West. Reaction in the Far East and South Asia has been generally cautious, but some hope is seen for better East-West relations. [REDACTED]

FRANCE'S ALGERIAN POLICY Page 6

Growing French expectations that the exploitation of Sahara oil will ease France's energy and foreign exchange difficulties have considerably sharpened the controversy over Algerian policy. The right in particular is more than ever determined to hold on to the area at all costs, but pressure for a compromise has developed because of the conflicting financial demands for investment in oil development and for military operations. A period of transition appears to have set in, and the idea of a federal relationship giving limited autonomy to Algerian regions appears to be slowly crystallizing as a basis for a new French approach to the problem. [REDACTED]

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THE SYRIAN SITUATION Page 7

25X1 Diplomatic tension between Syria and Saudi Arabia has been eased by an apology to King Saud by the Syrian cabinet. The internal Syrian political situation remains confused. Clashes along the Syrian-Israeli border continue. [REDACTED]

ISRAELI DEVELOPMENT OF EILAT Page 8

25X1 Israel's apparent determination to establish by use, as well as by legal argument and force, its right to navigate the Gulf of Aqaba is illustrated by a considerable expansion of Eilat, the Israeli port at the head of the gulf. Eilat is viewed by Israeli leaders as of major economic, political, and strategic importance. [REDACTED]

EGYPTIAN ELECTION RESULTS Page 9

The 3 July election in Egypt provided some surprises for the Nasr regime. While no outright opponents of the regime were elected to parliament, several of its preferred candidates suffered defeats. In nearly half the constituencies, no candidate obtained the required absolute majority and run-off elections will be held there on 14 July. [REDACTED]

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SOVIET AID PROGRAM IN BURMA Page 10

The Soviet economic aid program in Burma appears to be having a favorable impact on the Burmese government. The work of 22 Soviet agricultural technicians in particular seems to have pleased the Burmese, so that their original one-year contracts have been extended through 1958 and may be further extended. Projects sponsored by these experts have been given top priority in Prime Minister Nu's four-year program. A large-scale Soviet construction program in Rangoon is under way and the much-publicized technological institute is nearing completion. [REDACTED]

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NORTH VIETNAM PRESIDENT TOURING SINO-SOVIET BLOC Page 11

Ho Chi Minh left Hanoi on 6 July for a two-month tour of North Korea, the East European satellites and Yugoslavia, "to tighten the friendly relations between Vietnam and the socialist nations." The character of the delegation accompanying Ho suggests that no major negotiations are envisaged but rather that the tour has been planned principally for reasons of prestige. Ho's willingness to leave North Vietnam for a protracted period suggests that the regime feels a recurrence of disorders like those of last fall is unlikely. [REDACTED]

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INDONESIA Page 12

Lt. Col. Sumual, deposed commander in East Indonesia, renewed his defiance of the Djakarta government on 7 July when he declared himself still the supreme military authority in the area and transferred his headquarters from Makassar in South Celebes to Manado in the north, where he has strong support. There is no indication that the government plans to attempt to use force against Sumual. Meanwhile, Sukarno continues his attack on partisan politics, and there appears to be growing concern within the National Party that the Communists will win the forthcoming provincial elections in Central and East Java. [REDACTED]

ARGENTINE-VENEZUELAN RELATIONS Page 13

Argentina "interrupted" diplomatic relations with Venezuela on 7 July over the question of ex-dictator Peron's continued asylum in Venezuela. Argentina had again charged Peron with directing Peronista subversion, including plans for terrorism prior to the 28 July constituent elections, and had demanded that he be ousted or interned. Venezuela had responded to these demands by declaring Argentina's ambassador in Caracas persona non grata for disrespect and by recalling top embassy officials from Buenos Aires. [REDACTED]

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PART I

OF IMMEDIATE INTEREST

THE CHANGES IN THE SOVIET LEADERSHIP

A feud in the highest body of the Communist Party of the Soviet Union resulted at the end of June in the most sweeping top-level political purge since the 1930's and victory for Nikita Khrushchev, who now appears to be firmly in control of Soviet affairs.

The precipitating cause of the purge apparently was a plot to oust Khrushchev from the presidium and his job as party first secretary. Khrushchev turned the tables and succeeded in deposing five of his 11 colleagues from full membership in the party presidium--the effective ruling body of the USSR--and in removing another from candidate membership in the presidium and the secretariat, which is the party's principal executive arm.

Nine new members have been brought into the presidium to create a body in which Khrushchev's authority will be overwhelming though still short of absolute. Thus he is now in a position to press ahead in his efforts to increase the growth rates of Soviet industry and agriculture and to promote the idea of peaceful coexistence.

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The chief purge victims--Malenkov, Molotov, Kaganovich and Shepilov--were charged with antiparty methods in attempting to change the composition of the party's leading bodies, with opposition to the policy of peaceful coexistence and to criticism of Stalin and with opposing certain of the party's economic policies.

PRESIDIUM OF THE SOVIET PARTY CENTRAL COMMITTEE

ELECTED JUNE 1957

FULL MEMBERS

<input type="checkbox"/> A. B. Aristov	<input type="checkbox"/> N. G. Ignatov	<input type="checkbox"/> A. I. Mikoyan
<input type="checkbox"/> N. I. Belyayev	<input type="checkbox"/> A. I. Kirichenko	<input type="checkbox"/> N. M. Shvernik
<input type="checkbox"/> L. I. Brezhnev	<input type="checkbox"/> N. S. Khrushchev	<input type="checkbox"/> M. A. Suslov
<input type="checkbox"/> N. A. Bulganin	<input type="checkbox"/> F. R. Kozlov	<input type="checkbox"/> K. Ye. Voroshilov
<input type="checkbox"/> Ye. A. Furtseva	<input type="checkbox"/> O. V. Kuusinen	<input type="checkbox"/> G. K. Zhukov

CANDIDATE MEMBERS

(IN ANNOUNCED ORDER OF PRECEDENCE)

1 <input type="checkbox"/> N. A. Mukhitdinov	4 <input type="checkbox"/> Ya. E. Kalnberzin	7 <input type="checkbox"/> K. T. Mazurov
2 <input type="checkbox"/> P. N. Pospelov	5 <input type="checkbox"/> A. P. Kirilenko	8 <input type="checkbox"/> V. P. Mzhavanadze
3 <input type="checkbox"/> D. S. Korotchenko	6 <input type="checkbox"/> A. N. Kosygin	9 <input type="checkbox"/> M. G. Pervukhin *

Former members

☐ New members

Promoted former candidates

* Demoted from full membership

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Malenkov had suffered an earlier defeat at Khrushchev's hands in early 1955, primarily over the question of investment priorities. At that time, he was dropped from the premiership and publicly humiliated. The Old Bolsheviks, Molotov and Kaganovich, have been unable to reconcile themselves to the various adjustments in foreign and domestic policy which have taken place since Stalin's death. It seems unlikely that the three men had a common view on all points of policy. Malenkov was probably not a "Stalinist" in the sense that he insisted on all of the old methods, like Molotov and Kaganovich. The three seem to have united mainly because of their opposition to Khrushchev's continued dominance in the formulation of Soviet policy.

Shepilov evidently joined the opposition late in the game and for purely opportunistic reasons. One report suggests that, in return for his support, he was offered Khrushchev's post as party first secretary. If true, this would explain denunciations of him after the purge as a contemptible second-rater and Khrushchev's characterization of him as a "double-dealer."

Prominent among the charges leveled at these men by the central committee were those dealing with their opposition to economic policies. This fact, plus the demotion of Pervukhin and Saburov--two economic specialists--from the presidium, suggests that differences over economic policies touched off the sequence of events which led to the shake-up.

Disagreement over the sharply reduced goals of the

1957 plan and over proposed revisions in the Sixth Five-Year Plan (1956-1960) probably existed throughout the first half of this year. What may have made these policy differences irreconcilable was Khrushchev's industrial reorganization scheme. This reorganization has either eliminated or drastically reduced the scope of the governmental posts held by Malenkov, Molotov and Kaganovich, and their probable supporters, and the deposed group probably felt that their only chance was to cut Khrushchev down before the reorganization was carried out.

Marshal Georgy Zhukov, who was promoted to full membership in the presidium, apparently sided with Khrushchev in the latter's fight against the ousted presidium members. There are persistent reports that Zhukov's support was crucial to Khrushchev's success. His new position gives him a political standing which no professional Soviet military leader has ever enjoyed before, and he is in a better position to exert influence on policy-making.

Several reports emanating from Moscow say that Bulganin and Voroshilov initially voted against Khrushchev but changed sides when the issue was taken to the central committee. If these reports are true, further changes in the presidium may be forthcoming.

Moscow radio has announced that Malenkov has been appointed manager of a hydroelectric station in East Kazakhstan and that Molotov and Kaganovich have been transferred to other work. Though further action against the "antiparty group" and its supporters is still possible, Khrushchev has apparently ruled

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out vindictive persecutions reminiscent of the Stalinist period.

Implications for Domestic Policy

The question of the future of collective leadership may not be answered for some time. Khrushchev, who will certainly be more dominant than heretofore, may wish to continue the system of "collective leadership," but it will be more of a facade for one-man leadership than at any time in the last

four years since there are no leaders of stature left on the presidium who are likely to oppose his views.

One possible exception is Zhukov. Although he has stressed in the past that his primary concern is military affairs, not politics, demarcation between these areas is virtually impossible in dealing with such matters as disarmament, satellite security, and Soviet industrial output.

The remaining members of the previous presidium, particularly Mikoyan, Bulganin, and perhaps Suslov, probably still have some personal influence, but it may be limited to their ability to persuade Khrushchev. The new members as individuals are no match for Khrushchev and are not likely to pose serious restraints to his policies. He may, however, be forced to heed their general views and allow himself to be persuaded by their opinions since they represent the party apparatus--the source of his power.

Khrushchev seems committed to decisions of the 20th party congress and genuinely convinced that the basic goals of the de-Stalinization effort and industrial reorganization--to release initiative and promote a sense of participation at all levels of Soviet society--are essential for Soviet growth and power.

EVOLUTION OF JUNE 1957 PRESIDIUM

NAME	OCT 1952	MAR 1953	FEB 1956	JUNE 1957
Aristov				
Belyayev				
Brezhnev				
Bulganin				
Furtseva				
Ignatov				
Kalnberzin				
Khrushchev				
Kirichenko*				
Kirilenko				
Korotchenko				
Kosygin				
Kozlov				
Kuusinen				
Mazurov				
Mikoyan				
Mukhitdinov				
Mzhavanadze				
Pospelov				
Shvern timer				
Suslov*				
Voroshilov				
Zhukov				
Pervukhin				
Kaganovich				
Malenkov				
Molotov				
Saburov				
Shepilov				

☒ Full member ☐ Candidate member

* Elected June 1955

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The central committee resolution and Khrushchev's subsequent statements amount to a demagogic platform of promises of pie-in-the-sky to the Soviet people. Khrushchev summarized his optimistic economic outlook in his 6 July Leningrad speech, "...We want our industry and its basis, heavy industry, to grow and become stronger; we want our agriculture...to develop even more successfully. We want the Soviet people to have enough meat, butter, milk and fruit. We want our shops to be filled with many inexpensive and pretty fabrics and clothes--everything that makes the life of man more beautiful."

The "next task," he said, is to catch up with American per capita production in meat, milk, and butter, an accomplishment which will be "...something stronger than any atom or hydrogen bomb..." in the struggle with capitalism.

Khrushchev will have a clearer field in implementing his program than before, but the regime's most pressing problems will not arise from any lack of vigor in execution of the program. Rather they will stem from difficulties inherent in the program itself. Khrushchev seems convinced that the USSR can accomplish all of its economic objectives through improved organization and Socialist competition without the necessity of making hard decisions over the proper allocations of scarce materials between the parts of the economy. Khrushchev's goals, however, are so ambitious that within the next few years it will become necessary to make such decisions and when they are made, heavy industry may

well continue to be favored despite Khrushchev's promises to consumers.

In addition, the regime must promote local initiative without encouraging "localism" and losing central control. It must encourage intellectual creativity without losing disciplinary control and permitting questioning of the system itself.

The appointment of Zhukov to the presidium suggests that there will be no reduction in economic effort in support of the Soviet armed forces and that military requirements may be given an even higher priority than in past years.

Soviet Relations With Bloc

Soviet relations with the satellites probably will continue generally along the lines developed since the 20th party congress and will be designed to give the satellites the appearance of independent states within the bloc. The USSR will be faced, however, with the same dilemma that plagued it after the 20th congress--how to adopt a less domineering relationship with the satellites without letting resurgent nationalism fragment the Communist camp.

Soviet-Polish relations will in general probably be more harmonious, although the Soviet leaders will continue to be concerned by the influence that the Polish "road to socialism" will have in Eastern Europe. Certain outstanding problems with the Poles may now be settled, such as Polish economic claims against the USSR and the Polish desire for greater latitude in

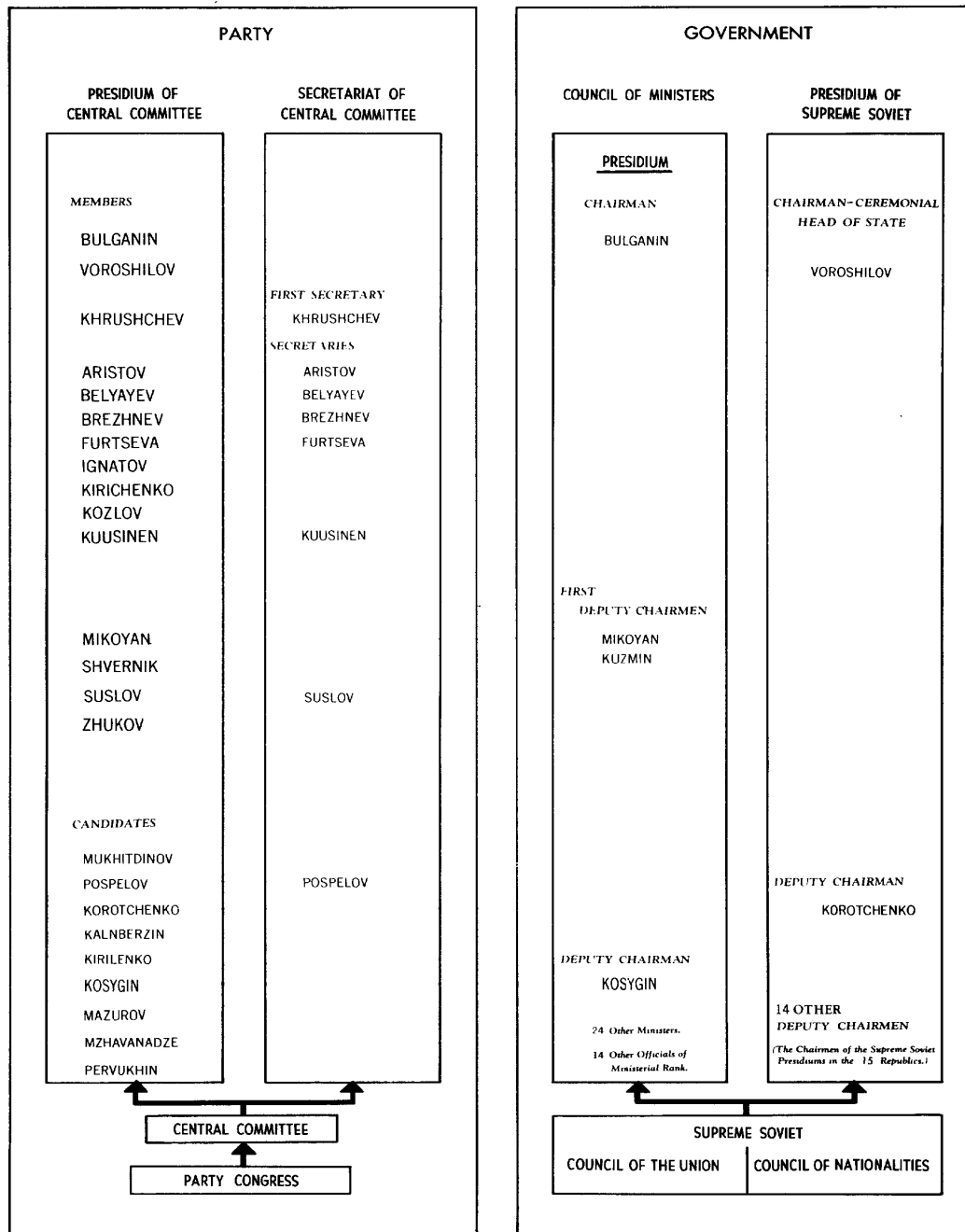
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USSR PARTY AND GOVERNMENT ORGANIZATION - JUNE 1957

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implementing the program of repatriating Polish citizens in the USSR.

One of the most important steps that the Soviet leaders could take to help build up the prestige of the satellites and possibly to strengthen the hands of the local regime leaders would be to make a series of trips to each of the Eastern European countries.

Such a plan seems to be in the making with the present trip to Prague.

Such trips could be readily publicized as return courtesy visits for those made to Moscow last fall by the satellite leaders who were accorded the full red-carpet treatment. Khrushchev had been reported reliably in the past to believe that the leaders of the satellites must be treated as equals by the Soviet leadership as one way of gaining their co-operation with and support of the USSR--a policy known to have long been opposed by Molotov. In the resolution condemning Molotov, he was specifically charged with denying "the advisability of establishing personal contacts between the Soviet leaders and the statesmen of other countries."

To give substance to its efforts to gain satellite co-operation, the USSR can be expected to continue implementation of the existing program of economic assistance to the satellites. As a further mark of respect for the satellites, the USSR probably will

continue to conduct its economic relations with them more and more on a direct bilateral basis. Some of the satellites may be permitted even greater freedom in direct economic negotiations with the West.

To counter a divisive tendency that a less rigid policy toward the East European countries might encourage, the

GROUPINGS WITHIN THE PRESIDIUM

CENTRAL COMMITTEE SECRETARIAT	BUREAU FOR RSFSR	NATIONAL MINORITY REPRESENTATIVES
Khrushchev - 1st Secretary Aristov Belyayev Brezhnev Furtseva Kuusinen Suslov Pospelov	Khrushchev - Chairman Belyayev - Deputy Chairman Aristov Ignatov Kozlov Kirilenko Pospelov	BALTIC AREA Kainberzin - Latvia BELOUSSIA Mazurov UKRAINE Kirichenko Korotchenko TRANSCAUCASIA Mzhavanadze - Georgia CENTRAL ASIA Mukhitdinov - Uzbekistan
CANDIDATE MEMBERS		

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USSR has stressed to these countries the absolute necessity of maintaining bloc unity. That this lesson is clearly understood is indicated by the initial satellite reaction to the purges in the USSR--unequivocal support for the Soviet leadership.

Khrushchev's move will clearly receive Peiping's support. The Chinese in the past year have consistently implied that they would welcome the removal from leading positions of remaining exponents of Stalin's views in the USSR and satellites. Peiping's response to the central committee resolution on the shake-up was a brief message expressing confidence that the action "will help unite and consolidate" the Soviet party. This message was followed

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by similar reactions from North Korea and North Vietnam.

It appears unlikely that the Soviet purge will be followed by any shake-up in the Chinese leadership. The "rightists" bearing the brunt of sharp attacks at the sessions of the National People's Congress now under way in Peiping are non-Communists; no Communists have been singled out as coconspirators.

Implications for Foreign Policy

Khrushchev and his followers have been outspoken in their praise of the peaceful coexistence policies laid down at the 20th party congress, indicating that the major lines of Soviet foreign policy will undoubtedly remain unchanged. After Khrushchev has consolidated his power, he may undertake a more imaginative and energetic application of these policies as a result of the removal of the conservative Molotov faction which appears to have inhibited the bolder and more flexible tactics characteristic of Khrushchev.

One by-product of the purge will be to aid Moscow's attempts to restore its pre-Hungary posture of peaceful coexistence, particularly since the central committee resolution blamed Molotov specifically for opposing a number of conciliatory steps in foreign policy. Khrushchev will probably try to exploit the purge of the conservative presidium members to revive his campaign for top-level bilateral meetings with free world leaders--one of the policies Molotov was accused of opposing. He will also probably push cultural and technical

exchanges with all countries more vigorously.

But Moscow has already warned the West against expecting a radical change in foreign policy as a result of the purge. Moscow radio on 6 July stated that it is "entirely unjustified" to hope for a "certain compromising attitude in Soviet foreign policy, which always is ready to meet the West halfway."

The disarmament negotiations in London may well become a testing ground for any new Soviet approaches to foreign policy problems. There is no indication, however, that Moscow intends to make any significant move toward a compromise with the Western position on disarmament. Khrushchev may choose, however, to follow up Zorin's 8 July statement with some spectacular move, such as a call for a top-level meeting on disarmament. Such a move would serve to emphasize Khrushchev's charges against the "conservative" attitudes of Molotov and his associates on foreign policy.

Perhaps more than in any other area of foreign policy, Molotov's removal will affect Moscow's turbulent relations with Yugoslavia. With the Molotov faction eliminated, Khrushchev probably will initiate a change through strong efforts to improve relations with Tito, possibly including a trip to Belgrade. Khrushchev may well also take measures to clamp down on satellite criticism of Yugoslavia and re-establish exchanges on lower levels. (See Part II for a fuller analysis of Soviet-Yugoslav relations.)

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PART II

NOTES AND COMMENTS

SATELLITE REACTION TO THE SOVIET PURGE

All of the East European satellite regimes have hailed the Soviet purge as a great victory for Communism in the Soviet Union and in the world at large, but their reaction in other respects has not been uniform. Two parties--the Rumanian and the Polish--apparently had been prepared for the impending changes and have reacted with some self-assurance. The Rumanians had been carrying out personnel shifts of their own, coincident in both time and substance with the developments in Moscow. The Poles may have received advance information and guidance from Mikoyan; they had begun to step up their campaign against domestic Stalinists even before the Soviet announcement.

The reaction in the other satellites has been characterized by caution and uncertainty, the East Germans failing even to mention the name of their party leader--Walter Ulbricht--for two full days following the official revelations. The Hungarian party also exhibited some uncertainty, apparently regretting some of its hard-line pronouncements issued at the recently concluded party conference.

Rumania

Although all of the satellite parties may have to clean house eventually, only Rumania has responded thus far to the Soviet purge with a specific move of its own. After meeting from 23 June--a day before the Soviet central committee recessed--to 3 July, the Rumanian central committee on 4 July announced its decision to oust two members of the polit-

buro--Iosif Chisinevski and Miron Constantinescu--and several days later revealed that these men had been engaged in "antiparty" and "factional" activities. The expulsions apparently came as a result of a decision by party leader Gheorghiu-Dej--presumably with guidance from Moscow--that the time was also ripe in Bucharest for the elimination of the "Stalinist" opposition.

Dej, who has been the most consistent and vigorous advocate of a Khrushchev-like line in Eastern Europe, thus appears to be a direct beneficiary of the Khrushchev victory in Moscow. His past emphasis on internal economic reforms, relatively good relations with Yugoslavia and the West, and on party reorganization may have been opposed by some party figures both at home and in Moscow, but now appears to have received complete vindication.

Poland

The Polish party, not unnaturally, is enthusiastic about the developments in the USSR. Polish leaders privately expressed their approval of the Soviet purge to American officials during the 4th of July celebrations in Warsaw, and the American embassy has noted an easing of the fears of forceful Soviet intervention in Polish affairs and of possible attempts to restore harder line policies. Premier Cyrankiewicz predicted better relations among all nations working for peace, and Deputy Premier Zenon Kowak termed the change "a good development for everyone." Opinion representative of the Polish managerial class was that

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contacts with the West would now be easier.

Polish journalists, even more enthusiastic about the changes, published material claiming the event to be a "grievous blow to our own native conservatives and dogmatists and a strong reaffirmation of support for the Polish independent "road to socialism." The official party newspaper, in an editorial aimed at Polish Stalinists, described the ousted Soviet leaders as a faction of dogmatists, sectarians and conservatives whose activity damaged the Soviet party's campaign against revisionism. Another press article has directly advised Polish conservatives to take their warning from events in the Soviet Union.

Future direction of Polish party policy was illustrated by Gomulka's actions at the Warsaw city party conference held from 22 to 24 June. Gomulka reportedly had learned on 22 June of the impending developments in the Soviet Union from Mikoyan--in Warsaw--and his bitter attack on Stalinist elements within the party on 23 June was probably the first move in a more determined campaign directed at destroying their influence. This campaign will principally be fought among the lower levels of the party, over which Gomulka does not yet have adequate control. In time, one or more of the several Stalinists in the regime may be removed and others may hasten to align themselves with Gomulka.

East Germany

The uncertainties over a possible shake-up within the East German Socialist Unity

(Communist) Party (SED), implicit in the first official East German commentaries on the Russian purges, now appear to have been at least temporarily dispelled. Communications media, after failing to mention Stalinist Party First Secretary Walter Ulbricht for two days, are again referring to him as the leader of the SED, suggesting that he has succeeded in making the ideological contortions necessary to remain in the Kremlin's good graces.

Ulbricht endorsed the Soviet party action in a speech on 7 July at Rostock claiming the SED had taken an "unambiguous stand against the factional attitude of Comrades Malenkov, Molotov, and Kaganovich," and, perhaps in warning to party opponents, declared that "neither cliques nor factions can be tolerated in a revolutionary working-class party."

Soviet leaders, however, may not have decided as yet what Ulbricht's ultimate fate will be. They realize that purging him would entail the risk of heightening the already serious unrest in East Germany, since it would probably be interpreted as a move toward liberalization which would inevitably inspire increased pressures for even greater concessions. On the other hand, Ulbricht's ouster at this time would be consistent with the Soviet purges and might be conveniently used in the campaign to defeat Adenauer in the September West German elections. Furthermore, a reliable leader could be chosen from the pragmatic economists whose basic views would be more in harmony with present Soviet political and economic policies.

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Hungary

The condemnation of the Stalinists in the USSR may have come at an embarrassing time for the Communist Party in Hungary. The first big party conclave since the revolution had just concluded with the elevation of an arch-Stalinist--veteran theoretician Jozsef Revai--to the central committee and with a resolution which confirmed the party's hard-line political policies. Party leaders speaking before the conference had even avoided the references to the "spirit" of the Soviet 20th party congress, an omission they have now hastily begun to redress.

Encouraged by developments in the USSR, some members of the party apparently have already opened a campaign against Revai, and a member of the party leadership associated with Kadar has criticized some of Revai's views. Factionalism within the party may thus be stimulated by the Soviet action, but Kadar himself, despite his advocacy of stringent measures to restore party power in Hungary, may welcome the Soviet purge, seeing in it further support for his own "centrist" position. A regime spokesman has warned "revisionist" elements, however, that they are not to be encouraged by the anti-Stalinist attitude of the present Soviet leadership.

Other Satellites

The three most doctrinaire of the European satellites--Czechoslovakia, Bulgaria and Albania--have responded to the Soviet purge in similar fashion. All profess to see a further spur to their efforts to tighten party unity at home and emphasize their solidarity with

the Soviet party. In addition, the Bulgarian and Albanian parties have intimated that personnel changes are not contemplated since measures to solve factional problems have allegedly already been taken. This may not, however, save Bulgarian Stalinist Vulko Chervenkov--ostensibly demoted only after the 20th party congress--from a genuine decline in rank and prestige.

The Czech leaders may now have some cause to regret their recent unusually strong emphasis on a harsh political line and their cautious approach to de-Stalinization in general. Despite this hard line, discontent among intellectuals with the regime's rigid policies has appeared openly off and on ever since the Soviet 20th party congress and, although scarcely out of control, has been growing during the past several months.

In part because the purge of top Czech leaders would probably stimulate additional ferment, Moscow would probably exercise considerable caution in urging the ouster of "Stalinist" figures and would presumably not suggest such measures unless some of the most doctrinaire, second-level Czech leaders--such as politburo member Kopecky and Party Secretary Hendrych--could be specifically identified with those purged in the USSR. Further, the top Czech leaders have, on the whole, operated a successful satellite and have appeared to be Moscow's favorites ever since the Hungarian revolution. The visit of Bulganin and Khrushchev to Prague, scheduled before the Soviet central committee meeting took place, may thus result merely in a Soviet re-indorsement of the top Czech leadership.

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SOVIET-YUGOSLAV RELATIONS

The political purge in Moscow has injected new life into the faltering effort initiated last spring by Yugoslavia and the USSR to remove the tensions between them. The departure of President Tito's top aides, Vice Presidents Kardelj and Rankovic, for the USSR on 8 July suggests that the Yugoslavs are optimistic about the prospects for genuine coexistence.

Soviet policy toward Yugoslavia, to which Molotov is known to have raised a number of objections, has been characterized by vacillation in recent months, with friendly and hostile sentiments alternating in the press and public statements. The removal of Molotov might herald the end of the vacillation and the beginning of a consistent Soviet effort to improve relations with Belgrade. A number of fundamental Soviet-Yugoslav differences remain, however, particularly with respect to the satellites, and these cannot be easily resolved.

Nevertheless, with the victory of "their man Khrushchev," the Yugoslav leaders are anticipating the implementation of the Belgrade and Moscow declarations. It is unlikely that the Yugoslavs will concede on any of their basic ideological views; on the contrary, they probably expect the "man who came to Belgrade" to accept their validity. Indicative of the Yugoslav optimism in this regard is the fact that Kardelj, long regarded as the uncompromising designer of "the Yugoslav road to socialism," is going to the USSR.

Presumably Tito has instructed his aides to try to

secure a public reindorsement by Khrushchev of the "independent roads to socialism" concept, a statement that the USSR will not attempt to impose its will on states developing "socialism," and that relations between not only the Yugoslav and Soviet Communist Parties but all Communist parties will be voluntary and based on complete equality.

Despite their optimism concerning future relations with Moscow, Yugoslav leaders have exhibited a certain amount of caution in asserting that not all "Stalinists" have been eliminated from the Soviet leadership. Kardelj said just prior to his departure that their removal will be a "long process."

Yugoslav officials believe that in the near future certain satellite parties will meet to remove "Stalinists." One official emphasized his belief that the Czech leaders were rigid and conservative because they were operating from positions of weakness. It is unlikely, however, that the Yugoslavs will press for the wholesale removal of satellite "Stalinists" as they did before the Hungarian revolt, since Belgrade now is sensitive to the repercussions that the policies of too-liberal leaders can have on the stability of Communist regimes.

The Yugoslavs presumably will try to justify to the West the acceleration of Soviet-Yugoslav good-will moves by asserting that Khrushchev should be encouraged to maintain policies of the 20th party congress.

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REACTION IN THE NON-COMMUNIST WORLD TO THE SOVIET SHAKE-UP

Official opinion in Europe generally holds that the Soviet shake-up will lead to few if any major changes in Moscow's policies. Soviet experts in Britain warn against the development of a mood of relaxation in the Western alliance, and German Chancellor Adenauer has stated publicly that he will not believe any change has taken place until it shows up in the Soviet attitude in the London disarmament talks. A Foreign Ministry official in Paris fears the Soviet leaders may use the shake-up as a gambit to bolster their claims to peace-loving intentions, but he sees little probability that it will have any repercussions in the satellites other than in Rumania.

Some European commentators, however, have dwelt on the possibility of a period of better understanding between East and West. West German Socialist chief Erich Ollenhauer interprets the change as indicating that Moscow "wants a settlement of certain international problems," and some officials in the German Foreign Ministry tend to be optimistic regarding Soviet relations with nonbloc countries.

Both London and Paris have indicated some concern over the apparent elimination of collective leadership which they believe blocked at least some reckless maneuvering by Moscow. The French believe Khrushchev is particularly dangerous, and the London Foreign Office believes Soviet foreign policy is likely to be "more clever, more enterprising, more elastic, and more insidious" than ever. The War Office, however, reportedly sees the possibility of a major Soviet pull-out from Germany, and some officials look

for a lessening of international tension.

Reaction in the Far East and South Asia has been generally cautious, but some hope is seen for better East-West relations. Japanese official and press opinion regards the action as consolidating Khrushchev's leadership and as indicating the USSR may increase its emphasis on "peaceful coexistence." Indian Prime Minister Nehru, in a televised broadcast from London, called the move a "belated toning down of the Soviet Union's revolutionary spirit."

The Egyptian press has received favorably Soviet assurances--which were also broadcast by Moscow radio in Arabic--that the purge means no change of policy toward the Middle East since policy is obviously not made by one person alone. The Egyptians have asserted that the purge marks the end of Jewish influence in Kremlin circles--they have found Jewish connections (wives or other relatives) for practically all purged Soviet leaders. Meanwhile, the Israeli press is cautiously hopeful that the changes might eventually permit establishment of better relations with Moscow, but Israeli officials have eschewed public comment.

Nonbloc Communist Parties

Palmiro Togliatti and Maurice Thorez, leaders of the two largest nonbloc Communist parties, were quick to support the purge. Togliatti stated in the Italian party paper L'Unita on 6 July that the move was "absolutely necessary and fully justified." He has since admitted that some comrades were shocked, however, and one hard-core Communist deputy, regarded

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by the American embassy as a reliable source, reports that the change has caused great confusion in the Italian party.

The central committee of the French party has expressed total agreement, and a Foreign Ministry spokesman has noted Communist leader Thorez's enthusiastic response despite the fact that his party is the most Stalinist of the Western European Communist parties. He believes Thorez may take the opportunity to crush revisionists in the French party. In London, the Daily Worker editorialized on 4 July that the USSR was "making it clear to all the world that there will be no return to the wrong methods of the past."

The Indonesian Communist daily in Djakarta, Harian Rakjat, accepted and defended

the shifts in the Soviet hierarchy without specifically commenting on the individuals involved, in an apparent effort to leave Indonesian Communist leadership prepared to accept any other internal Soviet political developments. The paper added that the purge was further proof that the Soviet government was placing world peace above everything else. In Japan, Communist Party First Secretary Sanzo Nosaka publicly regretted the "deviationist activities" of the purgees and said his party would intensify its efforts to cement unity and prevent such "deplorable activities." Indian Communist Party functionaries are reportedly confused and cynical, however, and there is some feeling that the party must now interpret Marxism for itself without leaning on the Soviet or Peiping models. [REDACTED]

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FRANCE'S ALGERIAN POLICY

Growing French expectations that the exploitation of Sahara oil will ease France's energy and foreign exchange difficulties have considerably sharpened the controversy over Algerian policy. The right in particular is more than ever determined to hold on to the area at all costs, but pressure for a compromise has developed because of the conflicting financial demands for investment in oil development and for military operations. A period of transition appears to have set in and the idea of a federal relationship giving limited autonomy to Algerian regions appears to be slowly crystallizing as a basis for a new French approach to the problem.

Premier Bourges-Maunoury has so far carried out

essentially the same Algerian policy that the Mollet-Lacoste team instituted 16 months ago with an end of hostilities considered a necessary prelude to political changes and with a continued unwillingness to concede independence. Nevertheless, the financial drain, a growing war-weariness in France and division within most political parties are increasing pressures for a more positive political program, even among supporters of pacification. This demand is partially responsible for the new military tactic aimed at eliminating rebel forces in selected areas in the hope that new local administrations can be established which would form the basis for the establishment of regional political units.

There are signs that French policy appears to be headed

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in the direction of the fragmentation of Algeria through the development of French- and Moslem-dominated regions in the north and the separate administration of the Algerian Sahara under the recently formed Saharan Ministry.

Minister Residing in Algeria Robert Lacoste, who now admits that his expectation of early pacification was unrealistic, recently expressed the hope that an enabling act for Algeria would be deposited with the National Assembly before the summer recess, expected on 20 July, but he did not expect debate to begin before October. During the recess, an attempt will be made to obtain broad political support in the assembly for territorial assemblies and executives in the three northern regions of Oran, Algiers and Constantine. According to a press report, there would be a parliament in Algiers coordinating these regional bodies.

At the same time France appears to be trying to mend

its fences in other parts of North Africa and the Middle East, probably in the hope of buying time as well as good will from the Arabs for whatever compromise may be attempted. The removal or relocation of French troops in Tunisia and Morocco, the tempering of France's pro-Israeli policy, and its trade negotiations with Egypt and use of the Suez Canal appear to be geared to meet the exigencies of the Algerian situation. Along with a new political program, Paris may consider that such steps will strengthen its hand during an Algerian debate this fall in the UN General Assembly.

Meanwhile, the Bourges-Maunoury government may have difficulty in next week's assembly debate on a bill to extend to metropolitan France at least part of the wide emergency powers it holds in Algeria. There is also growing criticism of Lacoste in official circles which may lead to a complete airing of Algerian policy and a confidence vote.

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THE SYRIAN SITUATION

The diplomatic impasse between Syria and Saudi Arabia brought about by Syrian press attacks and Defense Minister Azm's criticism of King Saud has apparently been resolved by an apology to Saud by the Syrian cabinet.

The internal political situation in Syria continues

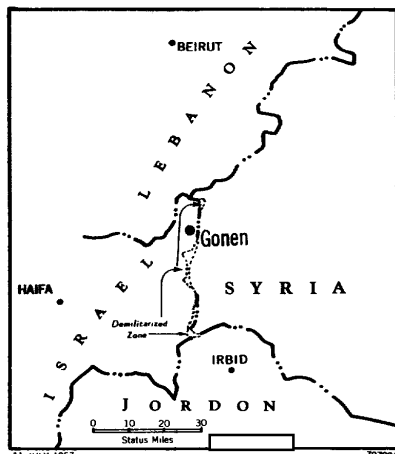
to be confused. Dissension within the army has increased following the promotion of a number of supporters of left-wing G-2 Col. Sarraj over the heads of senior officers. Despite the deteriorating internal situation, several cabinet ministers have seen fit to depart for trips abroad. Minister of Defense Azm, the army's protégé, and Foreign Minister

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Bitar are in Italy, while Minister of Public Works Fakhir Kayyali has flown to the Netherlands on a quest for



technicians to operate the new refinery purchased from the Czechs.

The most serious incident since the Sinai hostilities oc-

cured on 9 July near Gonen, north of Lake Huleh. A ten-hour exchange of fire resulted in a number of casualties on both sides. While there is no proof that the tension along the border is connected with internal events in Syria, it is possible that the incident was inspired by the left-wing army group in an effort to unite army elements which have been disgruntled following the recent promotion of leftist officers.

In any event, the continuing absence of recognized authority in the Syrian army and government will make border incidents more difficult to control. Should the Israelis launch a retaliatory action, however, the purposes of Syrian leftists might be further served, since both domestic opponents and the Arab states would feel obliged to rally in at least verbal support of the Syrian army.

ISRAELI DEVELOPMENT OF EILAT

Israel's apparent determination to establish by use, as well as by legal argument and force, its right to navigate freely the Gulf of Aqaba is illustrated by considerable expansion of Eilat, the Israeli port at the head of the gulf. Eilat is viewed by Israeli leaders as of major economic, political and strategic importance. Israel's hopes for exploitation of the Negev wastelands, as well as trade contacts with Asia and Africa, are involved in its future.

The Israeli minister of development has announced that from last October to mid-June imports and exports moving

through Eilat amounted to more than 40,000 tons. This figure compares with 6,000 tons handled through the port from 1948 until the Sinai campaign. The ministry will invest the equivalent of \$700,000 in building up Eilat's facilities during 1957 to handle the increased volume of trade between Israel, Africa and the Orient.

The long-range plan for construction at the port envisions an extension of Eilat's existing jetty by four and a half miles. The new wharf will be divided into four harbor areas to provide separate commercial, oil and naval ports, as well as facilities for fishing and water sports.

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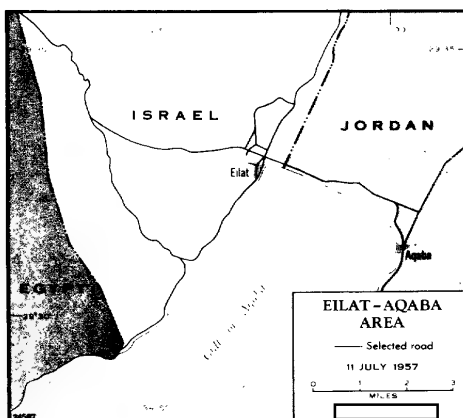
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Progress is being made on doubling the port's 400-ton daily unloading capacity. The eight-inch Eilat-Beersheba oil pipeline which was completed last spring should be capable of transporting between 14,000 and 16,000 barrels per day. On completion of tanks now being built, oil storage facilities at Eilat will reach a capacity of 33,000 tons for crude oil and 1,500 tons for fuel oil and gasoline. Cargo-handling equipment is being purchased and assembled.

The Israeli government regards as the main economic factor affecting short- and long-range planning for Eilat the construction of a railroad to connect the town with the center of the country. Present costs of land transportation seriously lessen the profits on trade through the port. A more immediate problem is that of obtaining fresh water, which, unless solved, may keep Eilat in the small-town status. Population gains have been rapid. By the end of 1957, Eilat's population, now around 2,000, may be 4,000. Before the Sinai campaign there were 1,200 inhabit-

ants, while in 1948 the town consisted of a few mud huts.

The Israelis hope that Eilat's port eventually will make possible the development of industries and mines. Israel's mineral potential is mostly in the south; transportation costs to Eilat normally would be cheaper than to northern ports. At present, however,



Eilat is still a project of the future, one which seems to the Israelis an essential part of their vision of the country as a bridge between the West and Asia.

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EGYPTIAN ELECTION RESULTS

The 3 July election in Egypt was relatively quiet, judged by Near Eastern standards, but the results announced on 6 July have provided some minor surprises for the Nasr regime. While no outright opponents of the regime were elected to parliament, several of its preferred candidates suffered unexpected defeats and others failed to secure the required absolute majority. The blessing of the regime apparently was not an adequate guarantee of popularity

with the electorate for a number of brothers, cousins, and friends of key figures around Nasr, despite the absence of any open, organized resistance.

Cases of violence throughout the campaign were generally restricted to rural areas, where family and clan feeling ran higher in favor of particular candidates. A reportedly Communist-inspired demonstration against Shawqi Abdul Nasr, brother of Gamal, occurred in

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Alexandria and an ineffectual protest bombing by members of the Moslem Brotherhood was made in Cairo. However, antiregime feeling was manifested in relatively few isolated instances.

It is unlikely that additional "favored" candidates will fail in the run-off elections which have been required in a large number of cases and which were not anticipated by the regime when it established

an absolute majority requirement. Thus a new vote must be taken on 14 July in 172 constituencies, nearly half the total. In five other constituencies, the regime disqualified all candidates before the election. Special elections are scheduled to be held some time after the parliament convenes on 22 July in order to bring the total membership of that body to the required 350.

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SOVIET AID PROGRAM IN BURMA

The Burmese government is reported to be so pleased with the performance of 22 Soviet agricultural technicians that it is contemplating extending their contracts through 1960. Originally hired last November for a one-year period, their contracts have already been extended through November 1958. Agricultural projects undertaken by the Soviet technicians reportedly have been given top priority in Prime Minister Nu's recently announced four-year program. There is speculation that if these projects are to be completed by 1960, additional Soviet personnel and Burmese budgetary allocations will be needed.

The Soviet agricultural team is concentrating principally on the construction of several dams which, when completed, will help irrigate large tracts of hitherto dry land in upper Burma. While at least one of the projects has been judged impracticable by American engineers, the over-all program is undoubtedly feasible and will fill an important agricultural need in Burma.

Probably as a result of the favorable impression made by the agricultural technicians,

Burma is reportedly tempted to accept Soviet offers to provide technicians in the oil exploration and housing fields. Burma would use its unexpended barter credits to pay for their services.

The USSR is also moving ahead with its large-scale construction program in Rangoon. Construction of the technological institute, the most important of these projects, is reportedly well on its way to completion.

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It will be an impressive sight when finished. Other projects in the program, less important but equally showy, are scheduled for completion before 1963. These include a sports center, a theater, and a hotel. It is likely that the average Burmese in Rangoon will recall that the USSR built these edifices long after he has forgotten that the Burmese government must pay in full for these "gift" projects.

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Successful completion of the agricultural and construction projects are likely to go a long way toward making up for Burma's disappointment with its barter trade with the USSR. It may also enhance the prestige of the pro-Communist National

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United Front (NUF) by seeming to bear out Khrushchev's claim to Rangoon University students in December 1955 that Communism could do a better job in underdeveloped countries than capitalism. The NUF, which won 30 percent of the vote in last

year's national elections, is already aiming at winning the 1960 elections and is continuing its energetic efforts to build up popular support.

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NORTH VIETNAM PRESIDENT TOURING SINO-SOVIET BLOC

Ho Chi Minh left Hanoi on 6 July for a two-month tour of North Korea, the East European satellites and Yugoslavia. Although visits to Moscow and Peiping are not mentioned in the Hanoi communiqué, Ho has already spent two days in the



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Chinese Communist capital as an unofficial guest and will probably do the same in Moscow.

The announced reason for the trip is "to tighten the friendly relations between Vietnam and the socialist nations," and contacts are to be made on a government-to-government level.

The North Vietnamese delegation, as described by Hanoi broadcasts, consists of only three men in addition to Ho: Hoang Van Hoan, a politburo member and former ambassador to Peiping; Pham Ngo Thach, vice minister of public health and Ho's personal physician; and

Hoang Minh Giam, minister of culture. Hoan has served the party in numerous capacities. He led the North Vietnamese delegation to Moscow in 1950, and at the 1954 Geneva conference was responsible for press relations. He was recalled as ambassador to Communist China last April after a six-year tour to take up new duties, as yet unannounced.

The small size of the delegation and the absence of any financial expert suggest that the tour has been planned principally for reasons of prestige rather than serious negotiations. Hanoi probably hopes it will serve to offset the prestige gained by Diem in his recent visit to the United States.

Recent commentary from Hanoi has made no particular distinction between Yugoslavia and the East European satellites, and the party press has not commented on Tito's recent disagreements with the Kremlin. Additional signs pointing to the existence of friendly relations between the two countries are Ho's personal birthday message to Tito in May and an agreement reached in March for the exchange of ambassadors.

Ho's willingness to take a long trip at this time suggests that, contrary to some reports, he is in fairly good health, and is confident that a recurrence of last November's riots is unlikely.

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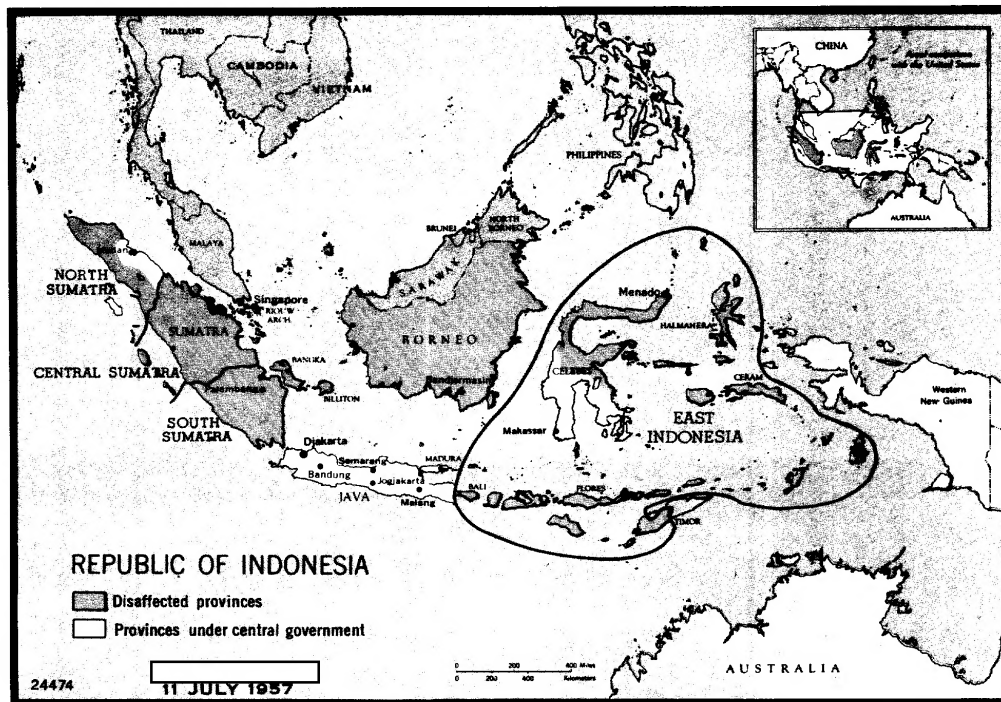
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INDONESIA

Lt. Col. Sumual, deposed commander in East Indonesia, renewed his defiance of the Djakarta government on 7 July when he declared himself still the supreme military authority in the area and transferred his headquarters from Makassar in South Celebes to Manado in the north, where he has strong support. Only a few days earlier, "Governor" Manoppo of the locally created province of North Celebes gave quasi-official sanction to existing smuggling when he announced that his area was "tired of waiting" for economic relief from Djakarta and would attempt to become economically independent by engaging in its own barter trade. These actions largely nullify intensive efforts of Army Chief of Staff General Nasution during the past two months to halt disaffection and illegal trade in the area.

The government may be able to retain its control over South Celebes and thus maintain a small enclave in East Indonesia comparable to the Medan area in Sumatra. There is no indication that the government plans to use force against Sumual. It is likely that the government will simply continue its refusal to recognize Sumual with the hope that time and new developments will provide an opportunity for the restoration of Djakarta's authority in East Indonesia.

Meanwhile President Sukarno's speech on 3 July marking the 30th anniversary of the National Party was a disappointment to party leaders, who had hoped he would indicate disapproval of Communism and support for the Nationalists. Instead, Sukarno continued his attack on partisan politics and repeated

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the themes of "continuing the revolution" and fulfilling the concept of "guided democracy." The Nationalists are fearful that without Sukarno's support they face defeat by the Communists in the forthcoming

provincial elections in East and Central Java. Sukarno's predominantly leftist national council is still scheduled to be installed on 12 July.

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ARGENTINE-VENEZUELAN RELATIONS

Argentina "interrupted" diplomatic relations with Venezuela on 7 July after Venezuela responded to its demand that Peron be ousted or interned by recalling top embassy officials from Buenos Aires and by declaring Argentina's ambassador in Caracas persona non grata for disrespect. The Venezuelan regime issued no comment on Argentina's documented charges that Peron was directing subversive activities, including plans for terrorism prior to the 28 July constituent assembly elections. The "interruption" may create an awkward atmosphere for the inter-American economic conference scheduled to meet in Buenos Aires on 15 August.

The Aramburu regime considers Peronista activity the biggest obstacle to its efforts to hold elections and turn over a stable country to a democratically elected government next May

Peronistas are being urged by their leaders to cast blank protest ballots in the July election for a constituent assembly to revise the constitution.

Opposition activity will be facilitated by the government's lifting on 28 June of the long-lived "state of siege," which restricted public gatherings and other civil rights--a measure considered risky but necessary to promote free

campaigning prior to the constituent assembly elections and the general elections next February.

Argentina reportedly believes that Venezuelan co-operation is essential to control continued attempts at sabotage and revolution directed by Peron. Venezuela, however, has been unreceptive to Argentine requests, especially since the Inter-American Meeting of Presidents in Panama last July, when President Perez Jimenez felt slighted by President Aramburu. Venezuela's security chief Estrada told Ambassador McIntosh in April that Peron is still a powerful individual and has under his control a "tremendous organization."

Argentina sent an emissary to Caracas in June to help present its case against Peron; he had intercepted letters, recordings and written propaganda which mention the clandestine Peronista organization, sabotage and opposition to the July elections. President Perez Jimenez refused for three weeks to see the Argentine ambassador, who finally saw the foreign minister on 1 July to present a note requesting that Peron either be expelled or interned under surveillance in the interior. The foreign minister--apparently interpreting the note as an ultimatum--persuaded the ambassador to withhold it temporarily and on 5 July recalled

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Venezuelan embassy officials in Buenos Aires. The Venezuelan interior minister says official steps will not be taken to expel Peron.

Argentina's position has received considerable support in South America, and the nuncio in Caracas reportedly has also given Argentina his support. Argentina can point to

restrictions on Peronista activities taken by Brazil, Uruguay, Paraguay, Bolivia and Chile. While these countries may have been influenced in a small degree by their location as neighboring countries, they acted after receiving Argentine evidence and are on record publicly that Peronista exiles are engaging in subversive activities.

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